

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2013

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 Michael A. Roy, CPA
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JOHN S. DOWLING & COMPANY
 A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners of
 Water Works District No. 5
 of the Parish of St Landry, Louisiana
 Opelousas, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the major fund for the Water Works District No. 5, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective

The Board of Commissioners of
Water Works District No. 5
of the Parish of St Landry, Louisiana
Opelousas, Louisiana
Page 2

financial position of the business-type activities and the major fund of Water Works District No. 5, as of June 30, 2013, and the respective changes in financial position and where applicable, cash flows, thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

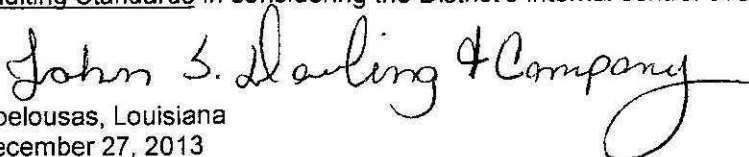
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Water Works District No. 5's basic financial statements. The schedules on pages 16 through 17 and page 19, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations, and is also not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Schedule of Insurance in Force has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated December 27, 2013, on our consideration of Water Works District No. 5's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.


Opelousas, Louisiana
December 27, 2013

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2013

BUSINESS – TYPE ACTIVITIES
PROPRIETARY FUND

ASSETS

CURRENT ASSETS

American Bank	
Operating	\$ 15,559
Savings	8,909
Construction	79
Grant receivable	38,835
Prepaid insurance	422
<u>Total current assets</u>	<u>63,804</u>

PROPERTY, PLANT, AND EQUIPMENT

CIP Water system	898,669
<u>Total property</u>	<u>898,669</u>

<u>Total assets</u>	<u>962,473</u>
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LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Memberships	\$ 9,191
Note payable current portion	3,164
<u>Total current liabilities</u>	<u>12,355</u>

LONG-TERM LIABILITIES

Note payable	370,836
<u>Total long-term liabilities</u>	<u>370,836</u>

<u>Total liabilities</u>	<u>383,191</u>
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NET POSITION

Net investment in capital assets	524,669
Unrestricted	54,613
<u>Total net position</u>	<u>579,282</u>

<u>Total liabilities and net position</u>	<u>962,473</u>
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The accompanying notes are an integral part of the basic financial statements

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

BUSINESS – TYPE ACTIVITIES
PROPRIETARY FUND

OPERATING EXPENSES

Current

Insurance	\$ 2,487
Legal and accounting	1,200
Bank charges	28
Office expenses	1,450
<u>Total operating expenses</u>	<u>5,165</u>

OPERATING LOSS

(5,165)

NONOPERATING REVENUES

Federal grant	334,622
State grant	250,000
Interest earnings	12
<u>Total nonoperating revenues</u>	<u>584,634</u>

INCREASE IN NET POSITION

579,469

NET POSITION (deficit), beginning of year

(187)

NET POSITION, end of year

579,282

The accompanying notes are an integral part of the basic financial statements

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

BUSINESS – TYPE ACTIVITIES
PROPRIETARY FUND

CASH FLOWS FROM OPERATING ACTIVITIES

Cash paid to suppliers	\$ (5,587)
<u>Net cash used by operating activities</u>	<u>(5,587)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING
ACTIVITIES

Purchase of property, plant, and equipment	(898,669)
Customer deposits	200
Cash received from loan	374,000
Cash received from grants	545,787
<u>Net cash provided by capital and</u> <u>related financing activities</u>	<u>21,318</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earned	12
<u>Net cash provided by investing activities</u>	<u>12</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

15,743

CASH AND CASH EQUIVALENTS, beginning of year

8,804

CASH AND CASH EQUIVALENTS, end of year

24,547

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH
PROVIDED (USED) BY OPERATING ACTIVITIES

Operating loss	\$ (5,165)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Changes in assets and liabilities	
(Increase) decrease in prepaid expense	<u>(422)</u>
<u>Net cash used by operating activities</u>	<u>(5,587)</u>

The accompanying notes are an integral part of the basic financial statements

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Water Works District No. 5 have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units, hereinafter referred to as GAAP (generally accepted accounting principles). The accepted standard-setting body for establishing governmental accounting and financial reporting principles is GASB (the Governmental Accounting Standards Board).

The following is a summary of certain significant accounting policies and practices of Water Works District No. 5.

A. NATURE OF ACTIVITIES

Water Works District No. 5 was created on March 10, 2010 at a St. Landry Parish council meeting. The District is governed by a five member Board of Directors. Presently, the Board of Directors receive no compensation for their service.

Water Works District No. 5 exists to provide the residents of the District high quality drinking water. The source of the drinking water will be from the existing Town of Krotz Springs water plant. Users will be billed by the Town of Krotz Springs at a flat fee in addition to their water consumption and, in turn, the Town of Krotz Springs will remit the flat fee to the District per user every billing cycle.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the Statement of Net Position, business-type activities are presented using the economic resources measurement focus.

The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the Statement of Net Position, business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Unbilled and billed utility receivables are recorded at year-end. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Purchases of operating supplies are regarded as expenditures at the time purchased and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year, unless material.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the continuing operations of the fund. Principle operating revenues for proprietary funds are charges to customers for sales or services. Principle operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as nonoperating in the financial statements.

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE (1) -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. INVESTMENTS

Investments are recorded at cost, which approximates market. Water Works District No. 5 did not have any investments as of June 30, 2013.

D. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Depreciation is considered an estimate.

E. CAPITAL ASSETS

Capital assets (including infrastructure assets), which constitute assets of the Proprietary Fund, are recorded at cost and depreciation is computed under the straight-line method. The service lives by type of asset are as follows:

Water system 7-50 years

Interest costs during construction are not capitalized.

F. BUDGET ACCOUNTING

Formal budgetary integration is not employed as a management control device for Water Works District No. 5.

G. STATEMENT OF CASH FLOWS

For purposes of reporting cash flows, all highly liquid investments with an initial maturity of three months or less are considered to be cash equivalents.

H. ENCUMBRANCES

Water Works District No. 5 does not employ the encumbrance system of accounting.

I. BAD DEBTS

Water Works District No. 5 had not started operations as of June 30, 2013. A policy for writing off bad debts was not considered necessary as of the date of this report.

J. RETIREMENT

Water Works District No. 5 maintains no retirement system.

K. COMPENSATED ABSENCES

No accrual has been made for vacation or sick pay due there being no employees at Water Works District No. 5 as of June 30, 2013.

L. DEFICITS IN INDIVIDUAL FUNDS

Water Works District No. 5 did not have a deficit net position as of June 30, 2013.

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

M. EQUITY CLASSIFICATIONS

Equity is classified as net position and displayed in three components:

1. Net investment in capital assets – Consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributed to the acquisition, construction, or improvements of those assets.
2. Restricted net position – consist of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – All other net position that do not meet the definition of "restricted" or "invested in capital assets, net or related debt."

NOTE (2) - CASH AND INVESTMENTS

At June 30, 2013, the bank balance and carrying amount of cash at American Bank were both \$24,547. At June 30, 2013, all of the bank balance was covered by the FDIC.

NOTE (3) - PROPERTY, PLANT, AND EQUIPMENT

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Construction in progress				
Water system	\$ -	\$ 898,669	\$ -	\$ 898,669
<u>Total capital assets</u>	<u>-</u>	<u>898,669</u>	<u>-</u>	<u>898,669</u>
Less accumulated depreciation for:				
Water system	-	-	-	-
<u>Total accumulated depreciation</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total capital assets, net</u>	<u>-</u>	<u>898,669</u>	<u>-</u>	<u>898,669</u>

Depreciation expense for the year ended June 30, 2013 was \$-0-.

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE (4) - WATER SYSTEM PROJECT

During the year ended June 30, 2013, Water Works District No. 5 was awarded a grant from the U.S. Department of Agriculture Rural Development in the amount of \$349,000 and a grant from the Office of Community Development for \$250,000. The total cost of the project is estimated to cost \$973,000.

	Funded by		Total
	USDA	CWEF	
Water System			
Fiscal year ended June 30, 2013	<u>\$ 334,622</u>	<u>\$ 250,000</u>	<u>\$ 584,622</u>
Total	<u>334,622</u>	<u>250,000</u>	<u>584,622</u>

NOTE (5) - LONG-TERM OBLIGATIONS

On September 12, 2011, Water Works District No. 5 was approved for a loan from the U.S. Department of Agriculture Rural Development in the amount of \$374,000 to fund the construction of the water system. The loan bears interest at 2.75% and will be repaid in monthly installments of \$1,306 over a period of 40 years.

As part of the Rural Development Loan, Water Works District No. 5 is required to establish an emergency fund for maintenance and repairs and debt repayment should the need arise. The debt service reserve requires monthly deposits equal to 10% of the monthly installments of the loan until the account accumulates one annual installment. As of June 30, 2013, the District had not begun the process of repaying the loan so no debt reserve was established.

Balance 7/1/2012	Additions	Reductions	Balance 6/30/2013
<u>\$ -</u>	<u>\$ 374,000</u>	<u>\$ -</u>	<u>\$ 374,000</u>
<u>-</u>	<u>374,000</u>	<u>-</u>	<u>374,000</u>

The annual requirements to amortize the note payable are as follows:

Years Ended June 30,	Interest	Principal	Total
2014	\$ 5,978	\$ 3,164	\$ 9,142
2015	10,128	5,544	15,672
2016	9,474	5,698	15,172
2017	9,815	5,857	15,672
2018	9,652	6,020	15,672
2019-2023	45,651	32,709	78,360
2024-2028	40,836	37,524	78,360
2029-2033	35,312	43,048	78,360
2034-2038	28,974	49,386	78,360
Thereafter	38,955	185,050	224,005
<u>Total</u>	<u>234,775</u>	<u>374,000</u>	<u>608,775</u>

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE (6) - SUBSEQUENT EVENTS

Subsequent events were evaluated through December 27, 2013, which is the date the financial statements were available to be issued. As of December 27, 2013, there were no subsequent events noted.

NOTE (7) - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Water Works District No. 5 does not provide any post-employment benefits to retirees and therefore is not required to report under GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions.

RELATED REPORTS

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 G. Kenneth Pavy, II, CPA
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
 FINANCIAL REPORTING AND ON COMPLIANCE
 AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
 STATEMENTS PERFORMED IN ACCORDANCE WITH
 GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners of
 Water Works District No. 5
 of the Parish of St Landry, Louisiana
 Opelousas, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the major fund of the Water Works District No. 5 as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 27, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Water Works District No. 5's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


To the Board of Commissioners of
Water Works District No. 5
of the Parish of St Landry, Louisiana
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Water Works District No. 5's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513 this report is distributed by the Legislative Auditor as a public document.


Opelousas, Louisiana
December 27, 2013

James L. Nicholson, Jr., CPA
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Commissioners of
Water Works District No. 5
of the Parish of St Landry, Louisiana
Opelousas, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Water Works District No. 5's compliance of with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of the laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Water Works District No. 5's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to the financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of State, Local Governments, and Nonprofit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Water Works District No. 5's compliance.

Opinion on Each Major Federal Program

In our opinion, Water Works District No. 5 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

To the Board of Commissioners of
Water Works District No. 5
of the Parish of St Landry, Louisiana
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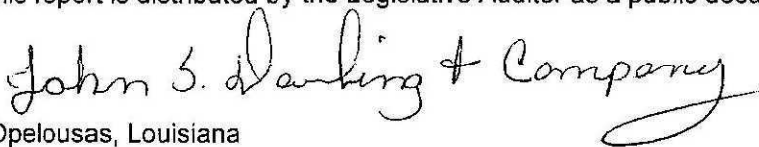
Report on Internal Control Over Compliance

Management of Water Works District No. 5 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Opelousas, Louisiana
December 27, 2013

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST
JUNE 30, 2013

I. Summary of Audit Results

1. We have audited the basic financial statements of Water Works District No. 5 as of and for the year ended June 30, 2013, and have issued our report thereon dated December 27, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of OMB Circular A-133. Our audit of the financial statements as of June 30, 2013 resulted in an unqualified opinion.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance relating to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
4. No management letter was issued for Water Works District No. 5 as of and for the year ended June 30, 2013.
5. No significant deficiencies or material weaknesses relating to the audit of the major federal award program were reported in the Independent Auditor's Report on Compliance for each Major Program and on Internal Control over Compliance Required by OMB A-133.
6. The auditor's report on compliance for the major federal award programs for Water Works District No. 5 expresses an unqualified opinion on the major federal program.
7. There are no audit findings that are required to be reported in accordance with section 510 (a) of OMB Circular A-133.
8. The program tested as major was the U.S. Department of Agriculture Water and Waste Disposal System for Rural Communities (CFDA # 10.760).
9. The threshold for distinguishing Types A and B programs was \$300,000.
10. Water Works District No. 5 did not qualify as a low-risk auditee.

II. Findings – Financial Statement Audit

None

III. Findings and Questioned Costs – Major Federal Awards Program

None

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2013

<u>FEDERAL GRANT/PASS-THROUGH GRANT/PROGRAM OR CLUSTER TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>AWARD TYPE</u>	<u>EXPENDITURES</u>
U.S. Department of Agriculture			
Water and Waste Disposal System for Rural Communities	10.760	Pass through	<u>\$ 669,787</u>
<u>Total expenditures of federal awards</u>			<u><u>669,787</u></u>

Water Works District No. 5 has one mortgage loan outstanding with United States Department of Agriculture - Rural Development as of June 30, 2013 as follows:

<u>Mortgage Loan</u>	<u>Outstanding Balance</u>
Note #1	<u>\$ 374,000</u>
<u>Total</u>	<u><u>374,000</u></u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
JUNE 30, 2013

NOTE (1) – GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all the federal financial assistance programs of Water Works District No. 5. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations.

NOTE (2) – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting for the federal assistance. The basis of accounting is described in Note 1 to the financial statements.

NOTE (3) – RELATIONSHIP TO THE FINANCIAL STATEMENTS

One USDA loan is reported in the District's financial statements as a liability and one USDA grant is reported in the District's financial statements as revenue.

USDA GRANT	\$ 334,622
USDA LOAN	<u>374,000</u>
<u>Total</u>	<u><u>708,622</u></u>

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2013

SECTION I – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

N/A

SECTION II – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

N/A

SECTION III – MANAGEMENT LETTER

N/A

OTHER SUPPLEMENTARY SCHEDULE

WATER WORKS DISTRICT NO. 5
OF THE PARISH OF ST LANDRY, LOUISIANA
SCHEDULE OF INSURANCE IN FORCE
FOR THE YEAR ENDED JUNE 30, 2013
(UNAUDITED)

<u>Insurer</u>	<u>Coverage</u>	<u>Coverage Limits</u>	<u>From</u>	<u>To</u>
Arch	Employee dishonesty	\$ 25,000	8/22/2012	8/22/2013
	Forgery or alteration	25,000		
	Theft, disappearance and destruction	10,000		
	Computer fraud	10,000		
	Bodily injury and property damage	1,000,000		
	Personal injury	1,000,000		
	Professional liability	1,000,000		
	Wrongful acts	1,000,000		
	Employee benefits	1,000,000		
	Damage to rented premises	1,000,000		
	Medical payments	10,000		